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# STATE BOARD OF EDUCATION 1976 LEGISLATIVE PROGRAM

Illinois Office of Education  
Joseph M. Cronin  
State Superintendent of Education

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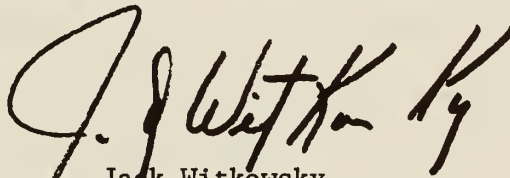
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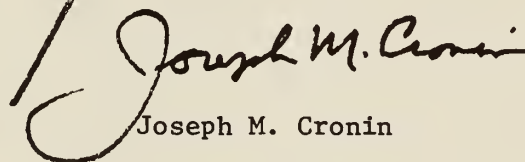
Dear Friends:

The State Board of Education is again this year making available its recommendations to the General Assembly. In addition to recommending appropriation levels, the Board has suggested legislation affecting the school aid formula, school building construction, and special program offerings.

We hope that this pamphlet will assist educators and laymen alike in understanding the rationale behind each of the Board's 1976 legislative proposals. They are thoughtfully drawn proposals that articulate the needs of Illinois education. We seek your support of them and your continuing partnership in the quest for improved educational quality.

A handwritten signature in dark ink, appearing to read "J. J. Witkowski". The signature is fluid and cursive, with a large initial "J" and a stylized "W".

Jack Witkowski

A handwritten signature in dark ink, appearing to read "Joseph M. Cronin". The signature is cursive, with a large initial "J" and a stylized "C".

Joseph M. Cronin



## INTRODUCTION

The State Board of Education has recommended the passage of 16 pieces of legislation to implement its 1976 legislative program. The bills appropriate money for school district operations, modify the aid formula, increase capital bond issuing authority, establish new program efforts in the areas of truancy prevention and school food service personnel training, and fund new programs enacted after June 30, 1975 for which no financing was provided.

### School Finance

The Board has recommended that \$1,351,000,000 be appropriated for Fiscal 1977 to fund the state aid formula, summer school operations, and state impacection claims. Of this amount, \$1,311,000,000 is earmarked to fully fund the state aid formula. Full funding is a step toward meeting the Illinois Constitution's mandate that the state assume the "primary responsibility" for financing its public schools.

The Board's Fiscal 1976 budget recommendation, as passed by the legislature, would have assured full funding of the formula this year. However, the Governor's reduction veto of the appropriation and the General Assembly's failure to override it has resulted in state aid claims being prorated at approximately 94.5% of actual entitlement. The Board has recommended a supplemental formula appropriation for this year of \$67.5 million.

Increases in state funds for the grants-in-aid programs are also being requested. The Board has recommended \$323.8 million to fully fund the grant programs in Fiscal 1977. A supplemental appropriation of \$37.6 million is being requested to replace money for these services that was lost through veto actions. Additional supplemental appropriations have been proposed to fund legislation signed into law after June 30, 1975, but not funded such as the teacher hearing program. Finally, the State Board's Fiscal 1977 financial aid package contains \$188.8 million for the Chicago and Downstate teacher retirement systems.

In addition to its appropriation requests, the Board is recommending three changes in the resource equalizer method of distributing state aid. The proposed changes would eliminate the tax rollback requirement, permit districts to include their Transportation Fund tax rate in their operating tax rate for state aid computation purposes, and reduce the maximum state aided operating tax rates while increasing the guaranteed assessed valuations for elementary and unit districts. A second funding proposal would reimburse districts quarterly for the costs of implementing the bilingual education programs now required to be offered by July 1, 1976.

Another of the Board's finance proposals would amend the laws governing the manner in which state aid payments are made in order to bring the laws into conformity with long-standing practice.



### School Construction

In 1974, school districts spent \$256.2 million for capital construction projects. This represented the second largest single item of expense for districts, second only to personnel salaries. To date, the Illinois Office of Education has received requests for state construction grants totalling \$92.2 million more than is available. Consequently, the Board is recommending that the state's school construction bond issuing authority be increased from \$300 million to \$400 million.

A second Board proposal would authorize a one-time \$10 million sale of school construction bonds to reimburse school districts for special education building projects. This legislation is necessitated by the Governor's item veto last year of a \$10 million appropriation for the purpose.

### Programs

The Board is concentrating its attention on two program areas in its 1976 legislative proposals.

Concerned over the proliferation of programs to treat the results of truant and delinquent behavior, the Board is recommending the creation of a task force to assist in developing programs to prevent such behavior. The task force, made up of representatives of affected state and local agencies, including the Illinois Office of Education, would report its findings by June 30, 1977.

A second program would establish a school food service training center where school food service personnel could continue their training through classroom and on-the-job experiences. The program would be financed with federal money and through the sale of lunches to Illinois Office of Education employees.

## THE FISCAL 1977 BUDGET REQUEST

### An Overview

The State Board of Education has recommended a budget for elementary and secondary education in Fiscal 1977 of \$1,885,460,100 in General Revenue and Common School Fund money.\*

Nearly 72 percent of the Fiscal 1977 budget recommendation, or \$1,351,000,000, would be used to fund school district operations through the state aid formula, summer school operations, and state impact claims. An additional \$323,761,500 would be distributed to school districts for grants-in-aid programs, such as special education and pupil transportation. The State's recommended contribution to the Downstate and Chicago teachers' retirement systems totals \$188,819,400. The remaining \$21,879,200 of the appropriation request is earmarked for Illinois Office of Education operational expenditures and Common School Fund distributions such as regional superintendents' salaries and orphanage claims.

The following table summarizes the appropriation request by category and compares it to the Fiscal 1976 appropriation.

\*Does not include state money for Drivers' Education and School Construction or Federal Funds.

TOTAL GENERAL REVENUE FUND APPROPRIATION

Fiscal 1976 Appropriation vs. Fiscal 1977 Request  
(dollars in millions)

|                          | <u>Fiscal 1976*</u> | <u>Fiscal 1977</u> | <u>Increase</u> |
|--------------------------|---------------------|--------------------|-----------------|
| Distributive Fund        | \$ 1,173.00         | \$ 1,351.00        | \$ 178.00       |
| Grants-in-Aid            | 198.39              | 323.76             | 125.37          |
| Teachers' Retirement     | 175.50              | 188.82             | 13.32           |
| IOE Operations           | 13.19               | 15.57              | 2.38            |
| Other Common School Fund | <u>6.50</u>         | <u>6.31</u>        | <u>(0.19)</u>   |
| GRAND TOTAL              | \$ 1,566.58         | \$ 1,885.46        | \$ 318.88       |

\*The Fiscal 1976 figures do not include supplemental appropriations requested by House Bill 3315.

THE DISTRIBUTIVE FUND

SENATE BILL 1712 - SEN. THOMAS HYNES (D-Chicago),

Partee (D), Rock (D), Donnewald (D),

and Bruce (D)

The \$1.351 billion requested by the State Board for the Distributive Fund is a \$178 million increase (15.2%) over Fiscal 1976 funding. However, the Fiscal 1976 appropriation did not provide for full funding. If the Distributive Fund were fully funded for the current fiscal year at an estimated \$1,240,100,000, the Fiscal 1977 request would be an increase of only \$110.9 million (8.9%).

The following table breaks down the appropriation request by Distributive Fund components and compares it to the Fiscal 1976 appropriation.

DISTRIBUTIVE FUND  
FISCAL 1976 APPROPRIATION vs. FISCAL 1977 REQUEST  
(dollars in millions)

|                   | <u>Fiscal 1976*</u> | <u>Fiscal 1977</u> | <u>Increase</u> |
|-------------------|---------------------|--------------------|-----------------|
| State Aid Formula | \$ 1,142.5          | \$ 1,311.0         | \$ 168.5        |
| Summer School     | 28.0                | 37.5               | 9.5             |
| State Impaction   | <u>2.5</u>          | <u>2.5</u>         | <u>-0-</u>      |
| TOTAL             | \$ 1,173.0          | \$ 1,351.0         | \$ 178.0        |

\*Does not include requested \$67.5 million supplemental appropriation requested by House Bill 3483.

Why The Bill Is Needed

This bill is needed to provide full funding of general state aid claims for the 1976-77 school year. Illinois schools need full funding in the coming school year for two basic reasons. Firstly, local sources

of revenue have not grown appreciably during recent years. Secondly, the price of all school goods and services has risen at a rapid inflationary rate.

Increases in state aid during the past few years, although large, have not permitted widespread improvements in educational programs. They have merely taken up the slack left by declining local revenue growth and provided some relief from double-digit inflation. In Fiscal 1974 and Fiscal 1975, the increases in distributive aid exceeded \$100 million. In terms of percentage increases, these gains amounted to 13.6% and 19.2%, respectively. The State Board's original Fiscal 1976 request, and the legislature's final appropriation, approximated the increases of the two previous years. However, with the Governor's reduction in formula aid, the general state aid increase was only 7.8%. Such an increase is reasonable, even in inflationary times, if it is an overall rate of increase. However, the overall statewide increase in state, local and federal funds was approximately 5% for the 1975-76 school year. This compares to over 10% for each of the two previous years.

#### Local Revenues

For a variety of reasons, school revenues from the local property tax have grown at an ever-slowing rate in spite of rapidly rising property values. Among the most significant factors responsible for this decline are the various changes which have been made in the property tax laws in recent years. These include the automobile and household

exemption, the homestead exemption, the elimination of the individual personal property tax, the multiplier freeze, the resource equalizer rollback, and the multiplier reduction in Cook County. The cumulative impact of these changes has been to virtually eliminate any growth whatsoever in the statewide property tax base. This erosion has become so great that the total percentage increase in statewide equalized assessed valuation between 1971 and 1974 was only 4.1%. Between 1968 and 1971, the total statewide assessed valuation increased by 14.6%.

This erosion of the taxable property base has resulted in corresponding decreases in the growth of school property tax collections. As a result, school property tax revenues in the 1975-76 school year grew only 1.19%. In the previous year, they grew by only 3.38%. In short, school property tax revenue growth in the past two school years has averaged only 2.29% annually. In the previous two-year period (1972-73 - 1973-74), the average annual growth rate was 6.68%. In the two-year period preceding that, local school revenue growth averaged 7.17% annually.

The declining revenue base has forced an increasing number of school districts to go to the voters for additional money. In the first seven months of Fiscal 1976, tax referenda for increases in the Education Fund tax rate alone increased by 116% over the number held during the same period of Fiscal 1975. A survey taken of regional superintendents in February indicated that besides 138 Educational Fund tax referenda held between July, 1975 and February, 1976 an additional 26 were planned before the end of the fiscal year. This means



that by the end of Fiscal 1976, at least 164 Educational Fund referenda will be held, a 45% increase over the 113 held in all of Fiscal 1975. Without full funding of the Distributive Fund in Fiscal 1977, it can only be assumed that the number of local tax referenda will increase once again. Consequently, without full funding of the state aid formula, the primary burden of financial support of elementary and secondary education will be returned to the local property tax.

### Inflation

The drop in local revenues and reductions in state aid when coupled with the high inflation rate of recent years spell financial disaster for many school districts. In Fiscal 1974, the annualized rate of inflation for the State of Illinois was 11.8%. The following year's rate was 9.7%. Current projections indicate an annual rate of about 8% for the current fiscal year and 7% for Fiscal 1977.

During Fiscal Years 1974 and 1975, overall increases in state, local and federal funds for education roughly kept pace with inflation. Overall increases were 10.7% and 10.4%, respectively, for these two years. In Fiscal 1976, however, the overall increase was only 5%. In short, during the first two years of the resource equalizer, when it was fully funded, the substantial increases in state aid helped school districts to maintain pace with the economy. In its third year, when funded at approximately 95%, they dropped well behind.

The effect of inflation in school district buying power can be seen by comparing current dollars to real dollars (1967 = 100).



Between Fiscal 1970 and 1974, the last year for which data are available, the per pupil operating expenditure in Illinois schools increased by 46% in terms of current dollars. In terms of actual buying power, real dollars, the increase was only 10%.

GRANTS-IN-AID AND OPERATIONS

HOUSE BILL 3514 - REPRESENTATIVES THOMAS J. HANAHAN (D-McHenry) and  
CLYDE CHOATE (D-Anna), Keller (D), Lechowicz (D),  
Madigan (D), McGrew (D), Randolph (R), Brinkmeier  
(  
(D), J.M. Barnes (R), Catania (R), Berman (D),  
Capuzi (R), Lucco (D), Stubblefield (D), Rose (R),  
Lundy (D), Willer (D), Satterthwaite (D), Huff (D),  
Taylor (D), Pouncey (D), Gaines (R), Patrick (D),  
Skinner (R), Brummet (D), White (D), Nardulli (D),  
Davis (D), Craig (D), McLendon (D), VonBoeckman  
(D), Mahar (R), Boyle (D), Molloy (R), Bradley (D),  
C.M. Stiehl (R), Emil Jones (D), Birchler (D),  
Campbell (R), E.M. Barnes (D), Jaffe (D), McClain  
(D), Polk (R), McAuliffe (R), Laurino (D), Ryan  
(R), Geo-Karis (R), Wall (R), McAvoy (R), Tipsword  
(D), Mann (D), Luft (D), Hill (D), D.L. Houlihan  
(D), Schneider (D), Greisheimer (R), Coffey (R),  
Wolf (D), Kelly (D), Londrigan (D), Yourell (D),  
Greiman (D), McCourt (R), Maragos (D), Leon (D),  
Palmer (R), Hart (D), Chapman (D), Washington (D),  
Terzich (D), Kornowicz (D), Brandt (D), Merlo (D),  
Kozubowski (D), Kucharski (D), Giglio (D), Mautino  
(D), Richmond (D), Caldwell (D), Riccolo (D),  
Deavers (R), Williams (D), G.L. Hoffman (R),  
Capparelli (D), Jacobs (D), Van Duyne (D), Domico  
(D), DiPrima (D)

### What The Bill Does

This bill appropriates \$339.3 million from the General Revenue Fund, \$348.6 million in federal funds, and \$11.3 million from the Drivers' Education Fund for Fiscal 1977 expenditures in the grants-in-aid programs and Illinois Office of Education operations. It also provides \$6.3 million from the Common School Fund for regional superintendent salaries, supervisory expense fund expenditures, orphanage claims, and tax equivalent grants.

The appropriation requests contained in House Bill 3514 provide for increases in both mandatory and discretionary grant program funding. Mandatory programs are those which school districts are required to provide and which are funded through reimbursement formulas defined by statute. Discretionary programs are those which districts may or may not choose to offer and which are funded at levels determined by the State Board of Education.

The General Revenue Fund request for grants-in-aid programs totals \$323.8 million for programs such as special education, adult education, and pupil transportation. This is \$125.4 million more than approved by the Governor for Fiscal 1976 but only \$76.5 million above the level recommended by the General Assembly.

The largest funding increases occur in special education. The request for mandatory special education programs is \$65.7 million more than the Fiscal 1976 appropriation. The size of this increase is due, in large part, to the Governor's \$34.6 million reduction in FY 76 funding of special education. He cut \$18 million from personnel

reimbursement, \$10 million from building and smaller amounts from all other special education programs. Increased participation in all areas of special education also requires more funds for Fiscal 1977. For example, the number of children being served through reimbursements for extraordinary services and orphanage claims has increased by over 100% in each program. The total request for special education mandatory programs is nearly \$183 million.

The General Revenue Fund requests for mandatory programs other than special education also represents a significant increase over Fiscal 1976. House Bill 3514 contains \$130.5 million for adult education-public assistance, breakfast and lunch, pupil transportation, vocational education, bilingual education and free textbooks. This \$56 million increase is due, primarily, to the Governor's veto actions in Fiscal 1976. For example, the request contains \$27 million for the free textbook program which was enacted in 1975 but not funded because the Governor struck all but \$10,000 from the \$27 million appropriation. He also cut nearly \$6 million from pupil transportation. Other increases in funding for these programs are due to additional participation. For example, the number of children served by bilingual education, which becomes mandatory July 1, 1976, will increase by over 25%. Consequently, an additional \$7 million are requested for this program.

The \$4 million increase in the request to fund discretionary grant programs is necessary to meet rising demands. Enrollment in Americanization courses is expected to jump by 33%. A 200% increase is expected in basic adult education programs. The additional \$2.4 million for gifted education will permit a 24% increase in participation. The overall increase in funds for these programs also reflects the Governor's vetoes in these areas.

Finally, House Bill 3515 requests \$6.3 million from the Common School Fund for regional superintendent salaries (\$4,000,000), supervisory expense funds (\$78,000), orphanage claims (\$2,160,000) and tax equivalent grants (\$80,000).

The following table details the General Revenue Fund appropriations for grants-in-aid and compares them to Fiscal 1976 appropriations. The Fiscal 1976 figures are appropriations only. They do not include supplemental requests for actual expenditures.

GRANTS-IN-AID  
GENERAL REVENUE FUND

FISCAL 1976 APPROPRIATION vs. FISCAL 1977 REQUEST  
(dollars in millions)

|                                | <u>FISCAL 1976*</u> | <u>FISCAL 1977</u> | <u>INCREASE</u> |
|--------------------------------|---------------------|--------------------|-----------------|
| <u>Mandatory Programs</u>      |                     |                    |                 |
| Special Education              |                     |                    |                 |
| Personnel Reimbursement        | \$ 79.28            | \$ 113.02          | \$ 33.74        |
| Building**                     | -0-                 | 10.00              | 10.00           |
| Private School Tuition         | 7.00                | 11.70              | 4.70            |
| Extraordinary Services         | 2.50                | 10.63              | 8.13            |
| Transportation                 | 25.00               | 28.93              | 3.93            |
| Orphanage Claims               | 3.50                | 8.67               | 5.17            |
| Sub Total - Special Education  | \$ 117.28           | \$ 182.95          | \$ 65.67        |
| Adult Education - Public Asst. | \$ 4.50             | \$ 6.00            | \$ 1.50         |
| Breakfast and Lunch            | 11.38               | 14.50              | 3.12            |
| Pupil Transportation           | 33.58               | 47.04              | 13.46           |
| Vocational Education           | 16.36               | 20.00              | 3.64            |
| Bilingual Education            | 9.00                | 16.00              | 7.00            |
| Free Textbooks***              | -0-                 | 27.00              | 27.00           |
| Total Mandatory Programs       | \$ 192.10           | \$ 313.49          | \$ 121.39       |
| <u>Discretionary Programs</u>  |                     |                    |                 |
| Adult Education****            | \$ 2.65             | \$ 4.30            | \$ 1.65         |
| Gifted Education               | 2.60                | 5.00               | 2.40            |
| Special Education Traineeship  | 0.25                | -0-                | (0.25)          |
| Instructional Materials        | 0.20                | 0.23               | 0.03            |
| Court Assigned Truants         | 0.50                | 0.75               | 0.25            |
| Manpower Development Training  | 0.10                | -0-                | (0.10)          |
| Total Discretionary Programs   | \$ 6.30             | \$ 10.28           | \$ 3.98         |
| TOTAL GRANTS                   | \$ 198.40           | \$ 323.77          | \$ 125.37       |

\*Does not include supplemental appropriations requested for special education personnel reimbursement, special education transportation, special education extraordinary services, special education private school tuition, instructional materials, pupil transportation, and breakfast and lunch.

\*\*The Fiscal 1976 appropriation for special education building was stricken by the Governor's line item veto.

\*\*\*The Fiscal 1976 appropriation for free textbooks was reduced by the Governor from \$27 million to \$10,000.

\*\*\*\*Includes Americanization and basic programs.

TEACHER RETIREMENT

HOUSE BILL 3519 - REP. FRED TUERK (R-Peoria), McMaster (R), Bluthardt (R), Bennett Bradley (R), Lucco (D), Berman (D), Lechowicz (D), Schraeder (D), Mudd (D), and G.L. Hoffman (R)

House Bill 3519 requests \$188,819,400 for the Downstate and Chicago teacher retirement systems. The Downstate share is \$147.4 million, \$18.2 million more than the Fiscal 1976 appropriation. The Chicago system will receive \$41,419,400, \$5 million above Fiscal 1976. The total increase in retirement funding of \$23.2 million represents a 14% increase over previous year funding.



SUPPLEMENTAL APPROPRIATION

The Distributive Fund

HOUSE BILL 3483 - REP. ARTHUR BERMAN (D-Chicago), Giorgi (D),  
E.M. Barnes (D), J.M. Barnes (R), Beatty (D),  
Birchler (D), Boyle (D), Brandt (D), Caldwell (D),  
Capuzi (R), Catania (R), Choate (D), Domico ( ),  
Davis (D), DiPrima (D), Farley (D), Flinn (D),  
Gaines (R), Jacobs (D), Jaffe (D), Emil Jones (D),  
Keller (D), Kelly (D), Kornowicz (D), Kozubowski  
(D), Laurino (D), Leon (D), Leverenz (D), Lucco  
(D), Luft (D), Lundy (D), Madison (D), Maragos  
(D), Marovitz (D), Mautino (D), McAuliffe (R),  
McLendon (D), Merlo (D), Nardulli (D), Patrick  
(D), Peters (R), Pouncey (D), Riccolo (D), Rich-  
mond (D), Taylor (D), Terzich (D), Vitek (D),  
Von Boeckman (D), Washington (D), White (D),  
Wolf (D), Younge (D), and Yourell (D).

The State Board has requested a supplemental appropriation of \$67.5 million to meet Fiscal 1976 deficiencies in the Distributive Fund caused by the Governor's reduction veto of the Board's Fiscal 1976 budget request. \$67.1 million of the supplemental appropriation will be used to fully fund the state aid formula. Failure to fully fund will result in 41.1% of the state's school districts receiving fewer state dollars this year than last. Currently, Fiscal 1976 aid claims are being prorated at approximately 94.5% of districts' actual entitlement. The remaining



\$400,000 of the supplemental appropriation will be used to pay aid claims adjusted due to bankruptcy proceedings.

The following table compares, by geographic region, full entitlement and the amount of state aid to be received because of the Governor's reduction.

FULL ENTITLEMENT vs. PRORATED CLAIMS  
BY REGION  
(dollars in millions)

| <u>Region</u>     | <u>Estimated<br/>Full Entitlement</u> | <u>Estimated<br/>Prorated Claims</u> | <u>State Aid Loss</u> |
|-------------------|---------------------------------------|--------------------------------------|-----------------------|
| Chicago           | \$ 368.73                             | \$ 348.27                            | \$ 20.46              |
| Metro Area*       | 392.22                                | 370.45                               | 21.77                 |
| Downstate Urban** | 203.55                                | 192.26                               | 11.29                 |
| Rest of State     | <u>243.12</u>                         | <u>229.63</u>                        | <u>13.49</u>          |
| TOTAL             | \$1,207.62                            | \$1,140.61                           | \$ 67.01              |

\* Includes Cook County outside of Chicago and DuPage, Kane, Lake, McHenry and Will Counties.

\*\* Includes Champaign, Kankakee, Macon, Madison, McLean, Peoria, Rock Island, St. Clair, Sangamon, Vermilion and Winnebago Counties.

Grants-In-Aid

HOUSE BILL 3315 - REP. THOMAS HANAHAN (D-McHenry), Shea (D),  
Madigan (D), Davis (D), Brummet (D), Berman  
(D), Choate (D), Keller (D), McAvoy (R),  
Wall (R), Kucharski (R), Laurino (D), Gerald  
Bradley (D), Giorgi (D).

In this bill, the State Board is requesting a supplemental appropriation of \$37,695,457 from the General Revenue Fund and \$1,291,885 from the Common School Fund. The General Revenue Fund appropriation will be

used to meet deficiencies in the Fiscal 1976 grants-in-aid appropriation caused in part by the Governor's reduction veto of the Board's Fiscal 1976 requests for these programs and in part by unanticipated cost increases coupled in some cases with unexpected growth in program participation.

The Common School Fund appropriation will be used to meet the cost of regional superintendents' salaries, which were increased in legislation enacted last year, and to honor inaccurately estimated orphanage claims.

The table that follows summarizes the appropriations by program.

SUMMARY

General Revenue Fund:

|   |                  |
|---|------------------|
| Special Education Personnel Reimbursement | \$22,165,857     |
| Special Education Transportation          | 702,800          |
| Extraordinary Special Education Services  | 1,490,000        |
| Private School Tuition                    | 3,410,000        |
| Special Education Instructional Materials | 100,000          |
| Pupil Transportation                      | 8,086,800        |
| Breakfast and Lunch                       | <u>1,740,000</u> |
| Total General Revenue Fund                | \$37,695,457     |

Common School Fund:

|                                  |                |
|----------------------------------|----------------|
| Orphanage Claims                 | \$ 813,885     |
| Regional Superintendent Salaries | <u>478,000</u> |
| Total Common School Fund         | \$ 1,291,885   |
| TOTAL SUPPLEMENTAL APPROPRIATION | \$38,987,342   |

New Programs

HOUSE BILL 3171 - REP. THOMAS HANAHAN (D-McHenry)

In November, 1975, the State Board requested a supplemental appropriation of \$578,036 from the General Revenue Fund in order to implement seven acts signed into law after June 30, 1975. No appropriations had been made for these new programs. House Bill 3171 made the following requests:

- 1) \$217,500 to implement Senate Bill 1371 which requires that tenured teachers dismissed for cause be given a hearing paid for by the State;
- 2) \$21,000 to hire staff for the implementation of House Bill 2153 which prohibits sex discrimination in the hiring, placement, and promotion of educational personnel;
- 3) \$50,000 to purchase liability insurance for State Board members as authorized in House Bill 936;
- 4) \$108,764 to strengthen the State's regulatory authority over private business and vocational schools as provided in House Bill 3049;
- 5) \$130,772 to hire staff to assume the duties transferred by House Bill 3050 from the Capital Development Board to the Illinois Office of Education;
- 6) \$15,000 to implement the Illinois School Students Records Act, House Bill 1884; and
- 7) \$35,000 to pay the expenses of an advisory committee formed to determine the most effective and economical means to operate the statewide Deaf-Blind Center mandated by Senate Bill 379.

Although House Bill 3171, as introduced, contained these appropriations, it was amended in the House Appropriations Committee. All of the requests but two were deleted and these were reduced. The Committee approved \$50,000 for teacher dismissal hearings and \$18,000 for State Board liability insurance.

#### Federal Funds

##### HOUSE BILL 3515 - REP. THOMAS HANAHAN (D-McHenry)

House Bill 3515 makes two supplemental appropriations of federal funds for Fiscal 1976. It appropriates \$1,312,035 in federal money to the State Board for distribution to local school districts through the School Lunch Commodity Distribution program. This program, established in 1935, provides cash payments in lieu of commodities when the commodities on hand are insufficient to meet the state's entitlement. In accordance with this procedure, the State Board has received a check for \$1,312,035 from the federal government. This measure will permit distribution of this money to school districts participating in the school food service program so that they can complete food purchases for the current fiscal year.

The second appropriation contained in House Bill 3515 will distribute \$1.2 million in federal money through the Comprehensive Employment and Training Act (CETA). These funds became available April 1, 1976 and, therefore, could not be included in the Board's original Fiscal 1976 appropriation request. The CETA program provides job training and employment opportunities for economically disadvantaged, unemployed and underemployed persons.

## FUNDING CHANGES

### The State Aid Formula

SENATE BILL 1768 - SENATOR DAVID SHAPIRO (R-Amboy)

### What The Bill Does

This bill provides for three major changes in the resource equalizer formula.

- 1) It permits, for three years, the inclusion of the Transportation Fund tax rate in the operating tax rate for state aid purposes.
- 2) It eliminates the tax rate rollback provisions of the resource equalizer.
- 3) It reduces the maximum state aided operating tax rates and increases the guaranteed assessed valuations for elementary and unit districts.

### Transportation Tax Rate

School districts are permitted to include the transportation tax rate in the operating tax rate for the next three school years (until June 30, 1979). This change partially redresses the state aid imbalance created by the existing school property tax laws, which shortchange elementary and unit districts. Inclusion of the transportation tax rate moves those districts which are below the maximum state aided tax rates closer to full participation in the resource equalizer formula. For example, adding a 12¢ transportation tax rate to a \$2.00 operating tax rate of a unit district with a \$22,000 per pupil assessed valuation will increase that district's state aid by \$24.00 per pupil.

The transportation tax rate would not be a permanent part of the operating tax because districts extending a tax rate for transportation purposes already receive state equalization for this levy through the pupil transportation reimbursement formula. As proposed, it represents an emergency provision to help redress the current tax rate access imbalance.

#### Tax Rollback Provisions

The tax rollback provisions of the resource equalizer are completely eliminated. At present, 80 school districts, mainly high schools, are required to roll back their tax rates under the resource equalizer law passed in 1973. The size of these tax rollbacks ranges from under 2¢ to over 78¢ per \$100 of assessed valuation. The median rollback district must reduce its tax rates by 25¢ over a four-year period.

This change permits school districts which have exercised local initiative in the past to retain local revenues generated through taxing authority approved by the voters in referenda. It will also permit these districts to request additional local taxing authority if necessary.

The majority of the 80 districts affected are in Cook County where the manipulation of the equalization multiplier has seriously eroded the local revenue base. The Governor's 1975 veto of Senate Bill 209, which would have permitted taxing bodies in Cook County to extend taxes in an amount at least equal to the previous year, greatly increases the severity of the impact on districts which must roll back their operating tax rate and cannot seek new taxes.



Maximum Operating Tax Rate

Beginning July 1, 1976, the maximum state assisted operating tax rate for unit districts will be reduced from \$3.00 to \$2.97 and for elementary districts from \$1.95 to \$1.93. There will be proportionate increases in the guaranteed assessed valuations for these two types of districts to maintain the \$1,260 per pupil guaranteed funding level at the new maximum rate.

These last two changes partially redress the formula inequities inherent in the current tax structure, which was not changed when the resource equalizer was enacted in 1973. Under present law, unit districts are required to levy a \$3.000 operating tax rate in order to participate fully in the resource equalizer formula and be assured the maximum per pupil expenditure of \$1,260 in state and local money. However, unit districts may not extend tax rates above \$2.075\* without referendum approval. Thus, unit districts are required to obtain voter approval for 92.5¢ of the taxing power necessary for the \$1,260 maximum per pupil expenditure and full state aid entitlement.

Similarly, elementary districts must have an operating tax rate of \$1.95 to participate fully in the formula. Present tax laws permit elementary districts to tax only up to \$1.27\* without referendum approval. Thus, elementary districts must seek referendum approval of 63¢ to achieve the maximum expenditure level.

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\* This rate includes the Education, Operations, Building and Maintenance, Working Cash, and Fire Prevention and Safety Funds.

High school districts, on the other hand, need an operating tax rate of only \$1.05 to reach the maximum expenditure level. These districts are permitted, under present law, to extend a property tax rate of up to \$1.27\* without referendum. Thus, all high school districts can receive maximum state aid, maintain the maximum per pupil expenditure, and raise additional tax revenues without going to the voters for approval.

These two aspects of the bill provide for more equitable access to the formula and distribution of additional state money for downstate districts. By decreasing the maximum operating tax rate and concurrently increasing the guaranteed assessed valuation for elementary districts, 2¢ of the disparity between the rate for maximum participation in the formula and allowable permissive limits will be removed. Additional elementary districts will participate fully in the resource equalizer formula and the level of participation in the formula will be increased for all elementary districts below the maximum. For example, an elementary district with an operating tax rate of \$1.27 and a per pupil assessed valuation of \$35,000 will gain \$9 per pupil in state aid because of this change. (Old:  $\$64,615 - 35,000 \times .0127 = \$376$  -- New:  $\$65,285 - 35,000 \times .0127 = \$385$ ). A similar gain will be experienced by comparable unit districts through this change. (Old:  $\$42,000 - 22,680 \times .0195 = \$376$  -- New:  $\$42,424 - 22,680 \times .0195 = \$385$ ).

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\* This rate includes the Education, Operations, Building and Maintenance, Working Cash, and Fire Prevention and Safety Funds.



### State Aid Proration Clean-Up

HOUSE BILL 3197 - REP. G.L. HOFFMAN (R-Elmhurst), Schneider (D), Redmond (D), Tuerk (R), Brinkmeier (D), MacDonald (R), Chapman (D), Duff (R), Leinenweber (R), Schoeberlein (R), Stiehl (R), Daniels (R), Mulcahey (D), Bluthardt (R)

### What The Bill Does

House Bill 3197 was introduced in November, 1975 to clarify the law relative to the proration of state aid claims. Past practice has been to prorate, when necessary, only the final claim payment. School districts were paid their full estimated monthly entitlement each month regardless of the amount appropriated for general state aid. However, the Governor brought suit (Walker v. Witkowski) to require that state aid payments be based on the amount appropriated and, thus, prorated each month. Judge J. Waldo Ackerman ruled in favor of the Governor. His ruling was that the State Board has no legal authority to make monthly state aid payments on the basis of district entitlement. Rather, they must be made on the basis of the appropriation. Judge Ackerman indicated that this problem should be resolved by the General Assembly through corrective legislation.

This legislation amends four sections of the law to:

1. Change language which specifies semi-annual apportionments to school districts to reflect the monthly payment process.
2. Identify the role of the State Superintendent acting for the State Board of Education in vouchering the proper amounts

to each county by school district. This language will specify payment of 1/12 of the claim during August through May with a double payment in June. Any proration will occur in June.

3. Clarify the law by providing separate summer school and impaction entitlement and payment procedures with appropriate linkages to general aid.

#### Why The Bill Is Necessary

It is imperative that the laws governing distribution of state aid to Illinois' 1,037 school districts be amended for six important reasons:

1. At present, laws affecting the State Board of Education's role in this process are archaic, do not conform to long established practice, and fail to provide a defensible legal basis for any actions taken by the Board. For example, present law requires two payments to school districts each school year--one in January and one in August. The state has made monthly payments for many, many years.
2. At present, the Comptroller is required to make monthly payments to school districts but it is not specified:
  - a) how much each school district should receive;
  - b) whether or not the appropriation is adequate; and
  - c) who should make these determinations.

The Comptroller cannot make monthly payments to school districts without receiving vouchers from the State Board of Education, yet the law does not indicate the State Board of Education's vouchering responsibility.

3. Some of our present laws are not consistent with one another, thus confusing the most responsible official. For example, some provide that summer school and state impaction aid payments which are made from the Common School Fund should be distributed with formula aid payments. Other sections indicate that these payments are to be made on a separate basis. In practice, the payments are made in single annual payments from the Common School Fund.
4. Present law does not provide clear authority to prorate summer school and state impaction aid payments if there is insufficient money in the Common School Fund. Consequently, it appears to give preference to these programs over general state aid.
5. The present law is unclear concerning when the State Board should make adjustments in state aid payments to correct overpayments or underpayments from the proceeding fiscal year.
6. Present law is vague and ambiguous concerning proration of general state aid distributed through the state aid formula. Long term practice has been to pay out fully this aid until it is exhausted and then prorate. The amount appropriated for general aid purposes may vary throughout the fiscal year, depending upon the stage of the appropriation process. It would cause administrative

havoc to have to adjust each monthly estimated payment in accordance with the latest fixed amount available. For example, usually by July 1, the General Assembly has passed an appropriation bill which fixes the amount of money available for state aid purposes. However, between July and September, the Governor may reduce this amount by amendatory veto so that a different total amount is available. Then in October, the General Assembly may override the amendatory veto to change the total amount available for state aid. Finally, the General Assembly may pass a supplemental appropriation at the end of the fiscal year if more money is needed to fulfill the state aid formula requirements.

#### Bilingual Programs

HOUSE BILL 3536 - REP. JOE LUCCO (D-Chicago), Griesheimer (R),  
Polk (R), Nardulli (D), Ebbesen (R)

#### Why The Bill Is Needed

Under Section 14C of The School Code, provision of bilingual programs has been permissive. However, beginning July 1, 1976, school districts are mandated to establish and maintain programs for children of limited English-speaking ability. When there are 20 or more children of one language group in a school district, bilingual education programs must be provided. A district with less than 20 pupils may establish such programs.

During the first year of the permissive bilingual education programs in Fiscal 1970, only 500 pupils participated. The expected eligible number in Fiscal 1977 is approximately 52,600.

With the current method of funding, some districts have only been able to provide minimal programs for only the most needy students. Prior year reimbursement for bilingual programs requires districts to finance costs from local funds while waiting for reimbursement for approved program expenditures. In many cases, this seriously aggravates present fiscal deficits experienced by local districts and necessitates borrowing money to finance program operations. Without funding on a current basis, districts do not feel free to develop and implement appropriate programs. Through a quarterly system of reimbursement for current expenditures, districts would be assured adequate financing. With the growth of this mandated program there must be a change in the method of funding in order that local districts can fulfill the mandate.

#### What The Bill Does

This legislation amends Section 14C-12 of The School Code to establish a new method of funding for bilingual education programs. It provides for quarterly reimbursement to school districts to assist them in implementing the July 1, 1976 mandate. It changes the method of funding from prior year reimbursement to current year reimbursement.

The bill provides that eligible districts file quarterly claims with the respective regional superintendent on or before October 10, January 10, April 10, and August 1. Claims submitted to the regional superintendent by these dates will be forwarded to the State Superintendent of Education on or before October 20, January 20, April 20 and

August 20. Upon receipt of quarterly claims, the State Superintendent of Education will report to the Comptroller the claims due the local districts not later than November 15, February 15, May 15 and September 15. Preapproval applications will be submitted through the regional superintendent to the State Superintendent of Education at least 60 days before a bilingual program is started. Such applications will set forth the plan to be established.

Cost To The State

This bill does not increase state expenditures. It is a mechanism for current reimbursement for mandated transitional bilingual education. It will distribute \$16 million in reimbursements to local school districts for Fiscal 1977 programs.



## SCHOOL CONSTRUCTION

### Bond Authorization

SENATE BILL 1737 - SEN. JOHN DAVIDSON (R-Springfield), Shapiro (R),  
Schaffer (R), Glass (R), Vadalabene (D)

### What The Bill Does

This bill amends Section 1203 of The School Code to increase the state's authorization to issue school construction bonds. The \$300,000,000 in bonds authorized for construction purposes in "The School Construction Bond Act" is increased to \$400,000,000. The bond authorization for debt service grants is unchanged.

### Why The Bill Is Needed

Under the original act and the guidelines established by the Capital Development Board for its administration, \$200,000,000 in construction bonds were earmarked for downstate schools, all districts other than Chicago #299. During the first three years of the program, \$150.1 million in bonds have been entitled to fund 136 building or rehabilitation projects. To date, \$73.9 million have been released.

By March 1, 1976, 119 new project requests had been received by the Illinois Office of Education. The amount of state grants estimated necessary to fund these projects is \$142.1 million. This is \$92.2 million more than the remaining authorization of \$49.9 million. Without the proposed \$100 million authorization increase, the majority of these projects will go unfunded.

Next to salaries, capital outlays are the largest single category of expenditures for local school districts. In Fiscal 1974, the last year for which data are available, local districts expended \$256.2 million for capital projects. This represents 7.9% of their total expenditures during that year. The continuing increases in the costs of building materials, labor, and interest places an increasingly heavy burden on districts in need of new or rehabilitated school buildings. Without continued state support, many of these districts will be forced to house their students in outdated and inadequate facilities.

#### Special Education Building

HOUSE BILL 3147 - REP. G.L. HOFFMAN (R-Elmhurst), Schneider (D),  
Shea (D), Washburn (R)

HOUSE BILL 3148 - REP. KENNETH BOYLE (D-Carlinville), Ryan (R),  
Washburn (R), Shea (D)

#### What The Bills Do

House Bill 3147 makes the changes in existing law necessary to appropriate money from the sale of school construction bonds for use in reimbursing districts \$1,000 per professional worker for special education building costs. This authorization to fund the program from bond money expires, however, after Fiscal 1976. The companion house bill, HB 3148, appropriates \$10 million in bond sale proceeds to the State Board for use in making the reimbursement payments.

#### Why The Bills Are Needed

These bills were introduced in October, 1975 in response to the Governor's line item veto of the \$10,000,000 appropriation for special education building contained in House Bill 2989. They were designed to



establish an alternative method of funding a very necessary program.

The special education building reimbursement program was enacted in 1969 to provide adequate housing in an environment that will permit handicapped children to be educated to the limit of their capabilities. Many districts in the state are in need of special education facilities but are unable to get them because of the scarcity of funds. Section 17-2.2a of The School Code authorizes school districts to levy a 2¢ tax (4¢ for unit districts) for special education building programs. The tax may be levied for not more than eight years and requires the approval of the State Board of Education. The revenue generated by the tax may be used only for construction and maintenance of special education facilities designed and utilized to house instructional programs, diagnostic services, and other special education services for handicapped children.

In addition to the revenue generated by the tax levy authorized in Section 17-2.2a, The School Code authorizes a state reimbursement for special education building purposes in Section 14-13.02. School districts which levy the tax authorized in Section 17-2.2a are eligible to receive a state reimbursement equal to \$1,000 per professional worker employed by the district during the prior school year.

The Governor's veto of the \$10 million General Revenue Fund appropriation for special education building means that no state funds have been provided for the program in the 1975-76 school year. As a result, building programs involving 420 school districts and serving more than 250,000 children have been drastically curtailed. Nearly 70 percent of these districts have been involved in the program for five or more years.

The 1975-76 school year is the final year of the program for 68 of these districts.

Without implementation of this legislation, there will be major losses of state assistance in the following districts:

| <u>School District</u> | <u>Reimbursement</u> |
|------------------------|----------------------|
| Chicago                | \$ 2,969,205         |
| Springfield            | 121,410              |
| Elgin                  | 182,778              |
| Peoria                 | 220,648              |
| East Peoria            | 144,162              |
| Rockford               | 218,735              |
| Tinley Park            | 139,097              |
| East St. Louis         | 84,778               |

## PROGRAMS

### School Food Services

HOUSE BILL 3221 - REP. D.L. HOULIHAN (D-Chicago), Lucco (D),  
Schneider (D), Anderson (R), Gaines (R),  
Griesheimer (R)

### What The Bill Does

This bill establishes a school food service training center in which food services personnel may continue their education in both classroom and food production experiences. It ensures that guidelines for all facility operations will be established by the State Board of Education and implemented by the Illinois Office of Education.

Training would be offered to students in the areas of nutrition, menu planning and production, purchasing, work scheduling, cost control and analysis, sanitation and safety, public relations and personnel management. Upon completion of coursework and actual production experience, students would be awarded certificates.

Participants would be paid their regular salary by the school district while in training. The state would reimburse districts in an amount up to \$4.00 per hour for these salary payments by the state.

### Why The Bill Is Needed

Since the inception of the National School Lunch Program in 1946, major problems have evolved in the delivery of school food services. Among these are a lack of qualified personnel, inflationary costs, lack of innovation, lack of acceptance by students, and a lack of continuing education programs in the field of school food services. Consequently,

the goal of making benefits of the lunch program available to a maximum number of children at the lowest possible cost has not been met.

School officials have difficulty in recruiting new personnel and in finding knowledgeable people to replace retirees. Also, the current trend to utilize school food service facilities and personnel for food programs for the elderly increases the need for more competent food service personnel.

Inflationary food costs demand control in purchasing, less product waste, work scheduling, reduced labor, improved record keeping, and more thorough knowledge in the various aspects of food service programs. In addition, higher prices are forcing many children to leave the program. Illinois schools' enrollment is two and a quarter million students, yet only one million nutritious meals are accepted daily. Of the potential participants, 56 percent decline to avail themselves to the benefits of the program.

Since food service is a vital area of the total educational program, it requires quality planning, and well qualified personnel for the delivery of service to Illinois schoolchildren. Nutrition is the number one prerequisite to maintaining a child's ability to learn, yet currently there are no training programs available to food service personnel through which they can acquire the necessary knowledge to assist children.

#### How The Bill Solves The Problem

Currently Illinois does not have a continuing education program in the area of school food service. This bill would provide for such a program. In addition, it would serve the goal of the National School Lunch

Program and the State of Illinois to provide quality food service to a potential two and a quarter million schoolchildren.

Training at the center would give school food service personnel an opportunity to prepare themselves for coping with current problems encountered in their jobs. Training would include coursework in nutrition and management and actual production experience.

Such a program would not only raise the level of competency of persons on their jobs, but also would serve to attract new people to school food service programs. Such training would upgrade the quality of food provided, increase child participation in school nutrition programs, and the facility would serve as a model for school officials to assess their own needs in nutrition programs. This bill would allow development and maintenance of high standards in school food services.

#### Cost To The State

This bill would not require state funds. A 1% authorization by the Food and Nutrition Service of the United States Department of Agriculture, Section 4 and Section 11, permits the State Board of Education to utilize federal funds for administrative purposes as they relate to this program. A tentative first year budget projects income and expenditures to be approximately \$890,000. That portion of income not received in federal money is in lunch sales by the facility to Illinois Office of Education employees. A revolving account for expenditures and income would be established by the State Board of Education, with funds in the custody of a bonded employee who would be responsible to the State Board of Education. Monthly reports and annual summaries would be submitted to the State Board of Education and to the Office of the State Comptroller.



Truancy and Dropout Prevention

HOUSE BILLS 3568 and 3569 - REP. ARTHUR BERMAN (D-Chicago), Lucco (D),  
Polk (R), G.L. Hoffman (R), E. Jones (D),  
Leon (D), Madison (D).

What The Bills Do

House Bill 3568 would give the State Board of Education the authority to establish a Task Force on Truancy and Dropout Prevention. The goal of the task force would be to provide definitive statements on the state of truancy and dropouts in Illinois elementary and secondary schools. In addition, the task force would identify and utilize a full range of perspectives concerning the effects and the amelioration of truant/dropout behavior. Membership on the task force would include representatives of the various state and local agencies involved (including the Department of Children and Family Services, Department of Corrections, Department of Public Aid, School Problems Commission, the juvenile courts, etc., plus staff from the Illinois Office of Education). The task force would continue its research through all of Fiscal Year 1977 to refine the research and evaluation of pilot efforts. Final recommendations would be presented between March 1 and June 30, 1977.

In House Bill 3569, the State Board of Education is requesting an appropriation of \$123,000 to support the task force study. This money would be used for contractual and reimbursement costs for meetings, staff attendance at workshops, salary for two Illinois Office of Education professional employees and contractual and commodities costs.

### Why The Bills Are Needed

Each day of the school year an estimated 79,000 Illinois public school students are truant. Currently, there are numerous state agencies providing services and programs for Illinois students who are either chronically truant or have dropped out of school entirely. In addition, scores of local organizations have been addressing particular needs of children and adults who have not completed a secondary education program. Most of these activities have been designed to remedy the results of counter-productive behavior. While such activities are both necessary and good, they do not address the larger issue of curbing or preventing the counter-productive behavior of the individuals involved or of the school system itself.

Before more programs are initiated by the various state and local agencies, there is a need to look at many kinds of data and to establish criteria for future activities. Some of the questions which urgently require an answer are:

1. What is the state of truancy in Illinois public and non-public elementary and secondary schools? The state of dropouts?
2. Are there relationships between truant and dropout behavior?
3. What social-economic - educational - psychological variables are related to truant and dropout behavior?
4. What are the social and economic impacts of truant and dropout behavior on the individual? The family? Other components of society (e.g., schools, business, government)?



5. What kinds of preventative programs currently exist in Illinois schools? Nationally? What have been their results?
6. What reporting and data-gathering mechanisms are needed among all the agencies involved on a continuing basis?

From the data gathered as a result of such a study, state dollars could be applied to prevention rather than remedy of the problem.



